



Your Retirement...

PENSION & BENEFIT UPDATES FOR RETIREES OF THE ARIZONA STATE RETIREMENT SYSTEM

A Message from the Director

ASRS Director Paul Matson



As many of our retirees know, the value of a defined benefit pension goes beyond the retirement security it provides to members. The benefits the ASRS pays out to retirees – nearly \$2.5 billion annually – provides a steady, reliable economic stimulus to Arizona communities and the state economy.

A report by the National Institute on Retirement Security reveals that retiree expenditures stemming from state and local pension benefits support more than 33,000 jobs in Arizona. Spending by retirees on goods and services – ranging from dining out to paying medical expenses – has an economic ripple effect, generating a total economic impact of \$4.5 billion, according to the study. Additionally, state taxes paid by Arizona retirees and beneficiaries directly out of pension payments total more than \$64 million.

To learn more about the economic impact of state pension benefits, be sure to see the article “Economic Impact – ASRS Retirees make a Difference” on Page 4.

An Update on the ASRS Fund

As the fiscal year comes to a close, the ASRS remains well positioned to continue to provide a secure retirement benefit to our members. Our total fund recently surpassed \$31 billion, the largest the fund

“Director,” continued on page six

Update on the Affordable Care Act

We are in the midst of a historic shift in the way the business of health care is being done. The health care market is changing. 30 million uninsured people are eventually expected to gain coverage.

The U.S. Supreme Court has upheld most of the health care changes Congress passed in 2010. While some changes have taken effect already, others haven’t and won’t for several years. Medicare retirees should not see any significant changes because the Affordable Care Act (ACA) generally targeted non-Medicare Americans. For others, the most important provisions are yet to come. ASRS retirees shouldn’t be significantly impacted by the ACA as retiree plans are mostly exempted. However, retirees are

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ASRS Webcasts

Member webcasts are designed to provide overviews on selected topics and are available now at www.azasrs.gov. These short, on-demand videos have been developed by the ASRS and are only accessible via the ASRS website (playback is through the ASRS YouTube channel). Be sure to check back frequently as we continue to develop new webcasts on additional topics of interest to you.

GENERAL INFORMATION

- Annuity Options

RETIRED MEMBERS

- Explanation of 1099-R Tax Form
- How to Read Your Payment Summary

RETIREE HEALTH INSURANCE

- Becoming Medicare Eligible

Non-Medicare

- Choice Non-Medicare Plan
- Choice Plus Non-Medicare PPO Plan

Medicare (Must have Parts A & B)

- Group Medicare Advantage HMO Plan
- Senior Supplement Plan

RETIREE DENTAL INSURANCE

- Freedom Advance Plan
- Freedom Basic Plan

DISCOUNT CARD (NOT INSURANCE)

- WellCard Discount Card

Disclaimer: Information provided in webcasts is intended solely as a summary and guide for ASRS members. ASRS programs and benefits are governed by complex state and federal law and applicable plan documents. If there is any discrepancy between information in these webcasts and law, statutes, rule, policy or plan documents, those will always govern and serve as final authority.

Haven't Logged In Yet? Why You Should!

If you have not yet logged into your secure webpage, you are missing out on numerous educational webinars available to help you understand your retirement options, benefits, how to complete forms and much more.

365 days a year.

If you forgot your login ID or your password, it is now up to you, in the convenience of your own home or workspace, at any time, to regain access to your online account.

Simply click on "Having Trouble



As a retiree you can change your address, your taxes or direct deposit in a few minutes. You can also view and print your pension deposit summary and 1099-R tax form each year when it is available.

Whether you are at home, at work or around the world, you have access to your ASRS account 24/7,

Logging in" and then follow the prompts.

Take advantage of the ease of using our webpage: www.azasrs.gov and become familiar with all the information about the retirement system that is available to you.

Managing your secure account at the ASRS has never been easier. ■

Annual Notice of Right to Elect or Revoke Federal

The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 is a federal law that requires pension payments you receive to be subject to federal income tax withholding unless you elect not to have withholding apply.

The ASRS must annually notify members that periodic pension payments will be subject to federal income tax withholding if the taxable portion of the total annual

payments equals or exceeds \$19,680 (\$1,640 per month) unless you elect not to have withholding apply. In the absence of an election, your withholding will automatically be calculated in the same manner as withholding from wages.

IF YOU DO NOT WISH TO MAKE A WITHHOLDING ELECTION OR TO CHANGE PRIOR ELECTION, NO ACTION IS NECESSARY.

Are You Using All Your Available ASRS Benefits?

Retiring from an ASRS employer is an event that includes many benefits. You receive a lifetime pension, health insurance choices through ASRS, and many extra (and sometimes free) benefits. Yet many of these are overlooked by our members. Some of the programs require you to be enrolled in an ASRS medical plan and others do not. Benefits include:

WellCard: No-cost health and prescription discount card for retired members. You do not need to be enrolled in an ASRS health plan for you & your household to utilize this program. View the WellCard webcast on the ASRS website for more information.

SilverSneakers Fitness Program: No-cost for all ASRS retired members and dependents enrolled in the ASRS medical plans. That means there's no excuse not to work out now that you have time and a gym membership.

OptumRX: A mail order program available to all members en-

rolled in the ASRS medical plans, saving you money when you order prescriptions.

Arizona HearCare Network: No-cost discount program (not insurance) for exams and hearing aids offered to members on any of the ASRS medical plans.

hiHealthInnovations: Affiliated with UnitedHealth Care, this program offers discounts on hearing aids which vary depending on whether you are enrolled in an ASRS medical plans.

UnitedHealth Passport Program: No-cost to members who are on the Medicare Advantage HMO plan. When you travel, you can contact UnitedHealthcare to change your network of doctors for up to nine months per year.

Social Service Coordinators: No-cost program for members on the Medicare Advantage HMO plan helps connect retirees to federal, state and community programs for which they may qualify, including Medicare Savings and other valuable social services.

Solutions for Caregivers

Program: Available to support retirees on any of the ASRS medical plans with community and in-home resources to assist in caregiving for others, such as aging parents.

Preventive Health Services:

No-cost to retirees on any of the ASRS medical plans and includes: **myNurseline**, which helps you get information about needed care and services, as well as other programs called **Know Your Numbers, Disease & Specialty Case, Advanced Illness Care and Wellness Management**.

Vision Service Plan: You are enrolled automatically when you sign up for an ASRS dental plan. This vision discount program (not insurance) includes discounts on exams and the purchase of prescription eyewear.

Find information on these and other benefits online (www.azasrs.gov) or in the current ASRS Retiree Group insurance guide. Start saving money and stay healthy! ■

Tax Withholding

If you wish to make or change or revoke an election, you can do so on the ASRS website at www.azasrs.gov. Just log in to your secure ASRS homepage, and select the link titled "View" and update or change your tax withholdings, or the "Payment History" link on the left tabs.

Additional tax information and withholding forms are also available on the ASRS website. Look for the

"Retirees" tab at the top of the homepage, and select the Tax Information page. You may also visit the IRS website at www.irs.gov.

You may revoke an election at any time. Your withholding election will remain in effect until revoked. Any election not to have withholding apply is prospective only and any election made after a payment is not an election with respect to

that payment.

If you elect not to have withholding applied to your periodic pension payments, or if you do not have enough federal income tax withheld from such payments, you may be responsible for payments of estimated tax. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. ■

UnitedHealthcare Measures Member Satisfaction

Every fall UnitedHealthcare (UHC) measures ASRS member satisfaction with the administration of their medical health insurance plan. Survey Research Solutions of OptumHealth conducted the survey for 2012. Here is an executive summary of seven key areas:

Overall Satisfaction and Loyalty

- Three-fourths (77.7%) of respondents were satisfied with the way UnitedHealthcare administered their medical health insurance plan, rating their satisfaction as Completely Satisfied (20.6%), Very Satisfied (42.8%) or Somewhat Satisfied (14.3%).

Understanding of Health Plan

- Less than half of Group Retiree respondents rated their understanding of aspects of their health plan as Excellent or Very Good. Highest ratings were for “Understanding of what your copayments are” with 49.7 percent rating their understanding as Excellent (16.1%) or Very Good (33.6%).

Ratings of Claims Administration

- Of those Group Retiree respondents who had submitted a claim, over two-thirds (67.5%) rated UnitedHealthcare’s handling of their medical claims as Excellent (25.9%) or Very Good (41.6%).

Customer Service

- Group Retiree respondents who called UnitedHealthcare Customer Service, 59.3 percent rated it as Excellent (25.9%) or Very Good (33.4%).

Websites

- Among the ASRS respondents who used myuhc.com or UHCretiree.com/asrs, less than half (45.8%) of them rated the website as Excellent (11.7%) or Very Good (34.1%).

Communications

- ASRS respondents were asked to rate aspects of communications with the plan. Highest ratings were given to “Receiving ID care in a timely manner” with 74.3 percent rating it as Excellent (39.3%) or Very Good (35.0%).

Positive Experience, Pleasant Surprise

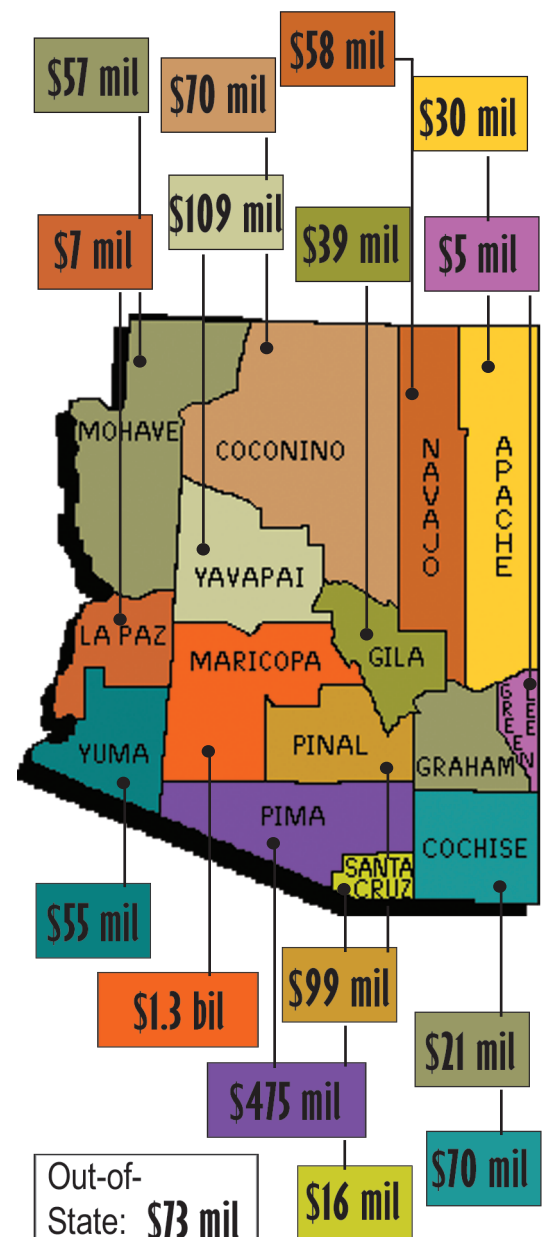
- Of those who indicated they had a pleasant surprise, 34.3 percent attributed their positive experience to “Helpful / Knowledgeable personnel”.

This executive summary is just a snapshot of the results. Complete, detailed survey findings can be reviewed under the “Health Insurance” tab on the ASRS website at www.azasrs.gov. ■

Economic Impact

ASRS Retirees Make a Difference!

Of the more than 321,000 inactive, disabled, retirees and beneficiaries, 93 percent remain Arizona residents. Pensions approaching \$2.5 billion in fiscal year 2012 were distributed throughout Arizona, providing a steady, continuous & significant stimulus to the Arizona economy.



Retiree Group Insurance Open Enrollment Scheduled!

ASRS Retiree Open Enrollment Packets will arrive by mail in **October 2013**. Do not miss this opportunity to make changes or to enroll in retiree group health benefits. Please carefully review your packet for details. For more information, visit our website at www.azasrs.gov for the latest health benefit updates.

Knowledge is Power!

What You Need to Know About Dental Pre-Determination, Root Planing & Scaling, and Crowns

As Sir Francis Bacon once said, “knowledge is power.” This adage can be applied to many day-to-day experiences, including visits to the dentist. Because many people are unfamiliar with dental insurance terms, we’re describing a few of the most frequently asked about terms to help ensure you are knowledgeable for your future dental visits.

Pre-Determination of Benefits

You likely have heard this term before, but may not have known exactly when or how it is applied. Because out-of-pocket charges can be significant with extensive dental procedures, Assurant Employee Benefits recommends that members request a pre-determination of benefits from your dentist before you undergo any dental treatment exceeding \$300.

Upon your request, the dentist will submit a proposed plan of treatment to Assurant Employee Benefits, whose dental consultants will consider the dentist’s plan of treatment and any alternatives, if needed. Assurant Employee Benefits then will mail a statement of the approved plan and an estimate of benefits payable, or pretreat-

ment estimate, to you so you are fully informed before receiving care. Each pretreatment estimate will be valid for six months from the date of issue. If you decide on a method of treatment that is more costly, Assurant Employee Benefits’ liability will be limited to the benefits indicated on the pretreatment estimate.

Root Planing & Scaling

Removing plaque from the teeth, and smoothing roughened surfaces with a scaler and other special instruments is referred to as root planing and scaling. According to the ASRS dental plan, scaling and root planing can be done up to one time per area of the mouth in a 24-month period. If you need scaling and root planing performed in more than two areas, your benefits will be limited to the equivalent of scaling and root planing in one quadrant. So you receive maximum benefits, we recommend only two quadrants be performed on the same day. If you require scaling and root planing, and prophylaxis (regular dental cleanings on healthy teeth and gums, including assessment, periodontal probing, removal of deposits and polishing) performed during the same appointment,



your benefits will be based on the allowable charge for prophylaxis. The same rule applies if you need periodontal maintenance, scaling and root planing performed during the same appointment. Your benefit will be based on the allowable charge for periodontal maintenance.

Crown Frequencies

Inlays, onlays, crowns, core build-ups, cast restorations and other dental restorations prepared in a laboratory are designed to restore the shape, size and strength, or to improve the appearance of your teeth. According to Freedom Advance’s dental plan, these dental restorations can be replaced only when they are at least seven years old, and are not serviceable or cannot be restored to function. ■

has ever been. And, this fiscal year, which ends June 30, the ASRS is in a position of generating a total fund investment return greater than our assumed earnings rate of 8 percent.

While the economic outlook appears to be improving, these are still challenging times. Retirees often ask about benefit increases to their pension checks. At this time, the ASRS does not anticipate excess revenues to generate additional permanent benefit increases in the next several years.

The ASRS does, however, project a continued strengthening of our pension, health insurance and long term disability plans. As a result, the overall fund and funding policy remain sound and sufficient to pay current and future benefits, continuing to provide a positive impact to the state's economy. ■

encouraged to learn more about the ACA as there might be other health care alternatives for you to consider.

Here's a guide to the status of some of the most notable changes affecting individuals—and their wallets.

In Effect Now

- Group health plans are required to cover the children of enrolled parents until age 26. “Child” includes natural, adopted, step and eligible foster children.
- Prohibits insurers from denying coverage to children under age 19 with pre-existing medical conditions.
- New plans and policies are required to cover certain preventive services without copayments, including immunizations, routine mammograms for women age 40 and older, and colorectal cancer screening beginning at age 50. For a partial list, see HealthCare.gov.
- Flexible spending account funds may no longer be used to pay

for nonprescription drugs except insulin, but they may still be used for supplies such as bandages, contact lenses and blood-sugar test kits. Some health care providers are writing prescriptions for over-the-counter medicines for their patients to get around the new requirements.

- Indoor tanning parlors must pay a 10% excise tax on amounts charged to clients.
- Employers filing 250 or more W-2 forms must list the cost of health coverage on each form. Reporting is for informational purposes only.

Effective in 2013

- A 3.8% tax on net investment income takes effect for most joint filers with adjusted gross income above \$250,000 (\$200,000 for singles). It applies to gross income from wages, interest, dividends, annuities, royalties and rents—unless the income is from a business the taxpayer actively engages in—and to net gains from investments.

It might also apply to large net gains on the sale of a home.

- A 0.9% Medicare surtax will apply to most joint filers' wages and self-employment income above \$250,000 (\$200,000 for singles).
- The threshold for taxpayers claiming an itemized deduction for medical expenses rises to 10% from 7.5% of adjusted gross income. For taxpayers (and spouses) 65 or older, however, the AGI threshold continues to be 7.5% until 2017. For those subject to the alternative minimum tax, the threshold remains 10% of AGI.
- Contributions to flexible spending accounts are capped at \$2,500 per employee, down from \$5,000 or more per employee. The new cap is adjusted for inflation beginning in 2013.
- A medical-device excise tax of 2.3% of the sale price applies to certain products. The tax doesn't apply to eyeglasses, contact lenses

AFFORDABLE CARE ACT...

and hearing aids, but will apply to items such as pacemakers, stents and artificial hips. The House has repealed this provision, but it's unclear if the Senate will act.

- **Ban on Waiting Periods:** Employers cannot impose waiting periods longer than 90 days before an employee can be eligible for coverage.

Effective in 2014

- The first penalties will be levied on individuals without insurance. The penalty is a flat amount or a percentage of income, whichever is greater, and it phases in over three years.
- For 2014, the dollar penalty is \$95, rising to \$695 as of 2016. The 2014 income percentage is 1%, rising to 2.5% as of 2016. This amount is uncapped, a fact relevant to the wealthy who self-insure.
- Prohibits insurers from denying coverage to people with pre-existing medical conditions or refusing to renew policies.
- Prohibits insurers from limiting coverage based on pre-existing conditions or charging higher rates to those in poor health.
- In general, individuals with employer-provided coverage meeting minimum standards will be exempt from the penalty, as will people covered by Medicaid and Medicare and members of a religion opposed to accepting benefits.
- Each state must establish an "exchange" offering health plans to individuals and small-business employers. Coverage will be classified as bronze, silver, gold or platinum. Small businesses are defined as those with fewer than 25 full-time employees and average annual wages of less than \$50,000 for those employees. If a state doesn't comply, the Department of Health and Human Services will operate a substitute federal exchange.

- Insurers must not impose exclusions for pre-existing conditions, or annual or lifetime limits on the dollar value of health benefits, except in cases of fraud. (A similar provision affecting enrollees under age 19 took effect in 2010.)
- **Out-of-Pocket Cost Limits:** Holds out-of-pocket costs to the level established for high-deductible health plans that qualify for health savings accounts.

Effective in 2018

So-called Cadillac plans (employer-sponsored health coverage exceeding a certain value) is subject to a 40% excise tax. The threshold is \$10,200 for singles & \$27,500 for families, although those figures

might be adjusted upward based on health-care inflation before then.

Effective in 2020

- Donut hole coverage gap in a Medicare Part D prescription drug plan is phased out.

ASRS projects that the Affordable Care Act will affect non-Medicare retirees. The federal government requires insurance plans to change several fees which will impact the premium for non-Medicare retirees effective January 1, 2014.

The Affordable Care Act puts in place strong consumer protections, provides new coverage options and gives you the tools to make informed choices about your health. Final rules and processes are still pending.

Visit **www.HealthCare.gov** for the most current information. ■

Current Topics



Get a Break on Costs Starting in 2014

Thanks to a new kind of tax credit and the expansion of some programs, more people than ever will qualify for help that will make insurance affordable.



Why It's Important to Have Health Insurance

HealthCare Blog

Posted June 03, 2013

Celebrating Innovation at the Fourth Annual Health Datapalooza Conference

Three years ago, the Department of Health and Human Services kicked off the Health Data Initiative with 45 people gathered in a conference room. This week marks the fourth edition of what has... [Continue Reading](#)



Arizona State Retirement System

Your Retirement

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By Secure Email:

[www.azasrs.gov/
web/ContactUs.do](http://www.azasrs.gov/web/ContactUs.do)

Not Online?

In Phoenix:
(602) 240-2000

In Tucson:
(520) 239-3100

Toll-Free:
(800) 621-3778



[http://www.facebook.
com/azasrs](http://www.facebook.com/azasrs)

FAQ's:

My spouse or dependent had a qualifying event, what do I need to do?

Is your spouse or dependent becoming Medicare eligible, losing their current medical coverage or has another qualifying event? If so, please remember the ASRS enrollment form must be completed and signed by the retiree and not the spouse or dependent. All forms completed and signed by someone other than the retiree (unless in the case of a Power of Attorney) will be returned and a delay in the effective date may occur.

If your spouse or dependent is becoming Medicare eligible, you will need to include a copy of their Medicare card showing both Medicare Part A and Part B effective dates. If your spouse or dependent is losing their current medical coverage or has

another qualifying event, you will need to include a copy of the qualifying event notice. ■

